



PROFILES IN irrigation contracting

These contractors know how to make money by installing irrigation systems. Their companies are bonded, their employees are trained, and they know how to bid.

By BRUCE SHANK, BioCom
Part II of a Series

Three contractors from across the country are presented here to give you a feeling for the regional differences in irrigation. All evolved into irrigation from another occupation because the need was there. All three contractors successfully responded to their markets in their own ways. There is no single formula for success.

However, there are basic tenants that apply to success. They include:

- ▶ a close relationship with irrigation distributors, irrigation consultants, landscape architects, and water agencies,
- ▶ employment of trained and certified irrigation specialists,
- ▶ knowledge of bidding and bonding practices,
- ▶ strong business discipline and record-keeping,
- ▶ involvement in local landscape, golf, municipal and water conservation organizations,
- ▶ attendance at major regional and national trade expositions, and
- ▶ a fascination and sincere interest in

nature, plants and man's designs for them.

Maldonado Nursery & Landscaping, Inc.

The story of Maldonado Nursery & Landscaping is one of a fast-growing metropolitan area, a family business following a common evolutionary trail in the landscape industry, and water shortages.

Founded in San Antonio, TX, during the 1980s, Maldonado grew rapidly with the surge in the city's business. Like Miami and Los Angeles, San Antonio has grown as both U.S. and Mexican businesses have increased trade. Ironically, San Antonio's growth has been matched by a growing water shortage in the region.

The 10-year-old company was launched by **Roy Maldonado, Sr.** as a landscape construction company for residential and small commercial projects. It didn't take long for the company to generate enough work for his three sons, Roy Jr., Jerry and Oscar, to join him.

As the business grew, the family realized they were losing jobs to landscape companies with irrigation divisions. Roy gave Jerry the responsibility for figuring out how to solve the problem. "We were getting beat

out on bids by companies with a complete landscape construction package and ran into scheduling conflicts with our irrigation subcontractors," explains Jerry. "Although we ran into irrigation on most jobs and had a fair understanding of it, we didn't work closely with irrigation distributors."

After six years, Jerry and Oscar started to develop the irrigation division by getting licensed. "Texas has an irrigation license law, so we got licensed," Jerry recalls. "At first, we shared the landscape trucks. It didn't take us long to figure out that fully stocked trucks were the only way to go, so we added racks and bins to a few trucks. When we did that, we felt more like our own division."

Maldonado keeps accounts with all local irrigation suppliers. One supplier, Alex Garza with GPM Supply, was especially helpful, says Jerry gratefully (Garza now has his own irrigation consulting business). "Alex helped us with design and introduced us to AutoCAD irrigation programs. He encouraged us to get involved with the Irrigation Association, the Texas Turf Irrigation Association, and local groups.

"We got to know irrigation designers and landscape architects and learned what they want in an irrigation contractor," he adds. "Through them, we got on more bid lists and met many more general contractors. We discovered that general contractors select who they feel comfortable with more than who has the lowest price. Because we had an existing landscape division, we could do more for general contractors and had a track record to get bonding. The more irrigation work we did, the bigger the jobs got. We subscribe to the Dodge Reports to stay on top of construction projects being planned here. We also participate in the annual builders show by installing an irrigated landscape on a model home. More than 30,000 people attend that show, including builders and developers."

Two years ago, Maldonado became a certified backflow prevention tester, which brought him into close contact with the

city water department. That relationship became especially important when the local Edwards Aquifer started dropping to seriously low levels and water restrictions were developed. "Irrigation is part of the solution to water shortages, not the problem," Jerry stresses. "When restrictions are implemented, landscapes without irrigation systems are at risk most. If you have a system, you are allowed to set your controller to irrigate at specific times. If you don't, you have to stay home from work to water when the city says you can."

San Antonio issues fines for those irrigating at the wrong time. Irrigation systems are regulated by the Texas Natural Resources Commission for sprinkler spacing and flow. The public is given a phone number to report those who don't follow the rules. "People don't want to risk their

larger, multi-function company helps Maldonado. "We always promote from within," boasts Jerry. "Everybody starts as an assistant and works their way up. By the time they become foremen, the company's values and procedures are instilled in them. Those who show an interest in irrigation are properly trained and developed to be future foremen. They grow and we grow, just as we grow as San Antonio grows. By doing our part to make sure that San Antonio's water isn't wasted, we guard the future of our company. This is a family company and we want to hand it over to future generations of our family. Nobody cares more about conserving water than we do!"

Landtrends, Inc.

Water is also a major concern in San Diego, CA, home of Landtrends, Inc. Virtually every landscape project the company



Glenn Moore says his best golf course irrigation system work is the product of solid referrals from satisfied customers.

landscapes burning out or getting a fine for having an improperly designed and installed irrigation system," Jerry remarks. "We protect them from both threats."

Maldonado's operations have continued to grow in spite of drought. They added a nursery three years ago and started a maintenance division last year. "The advertising we do for those divisions has increased people's recognition of our company," says Jerry. "They see our trucks all over San Antonio and know who we are from our radio, newspaper and Yellow Pages ads."

The fact that irrigation is a division of a

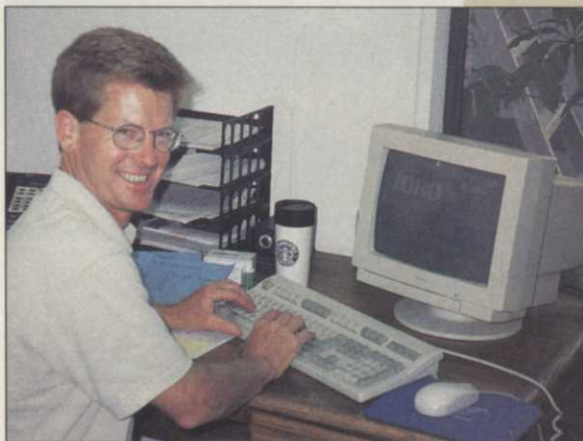
installs involves irrigation. Most building permits require an irrigation plan. So, when **Jon Ewing** started Landtrends in 1981, he knew immediately that irrigation had to be included in his service mix. Today, he has 300 employees in two states and his company is a leader in implementing new irrigation technology.

"In many instances, irrigation is a third of the contract," reveals Ewing. "It's the nature of the landscape business in Southern California. We have at least two trained irrigation specialists on every construction crew and at least one on each maintenance

crew. Those individuals are strongly encouraged to become Certified Landscape Technicians in irrigation."

The California Landscape Contractor's Association (CLCA) created and the CLT Program, which is used in other states today. As president of CLCA three years ago, Ewing encouraged other states to adopt the CLCA program.

"We find that a landscape architect or irrigation consultant is involved in many of the projects we do," observes Ewing. "Our job is to install irrigation to their high standards and to stay on the leading edge of irrigation technology. We work closely with builders, developers and condominium associations to give them the information they need to manage water costs. Water and landscaping represent the highest cost for associations or owners after a project is built. Many now use treated effluent water



Eric Shepard of Landtrends can check up on irrigation systems from miles away, thanks to computer technology.

for irrigation to cut costs. It takes the best knowledge and technology to manage these resources properly."

Landtrends is now able to communicate with a property's irrigation controller from its office 24 hours a day. Eric Shepard, Landtrends project manager for Aviara in Carlsbad, CA, tracks daily water use and performance for the exclusive development's 400 acres of commons. "Every morning I get to the office and check on the 38 satellites at Aviara, 20 miles away,"

How to price irrigation services

If you have been subcontracting out irrigation work, you have general idea of pricing. You already know that the subcontractor has to make a profit in the work he does. The key, according to Jim Huston, president of the management consulting firm Smith Huston, Inc., located in Englewood, CO, is to price labor and materials separately. Both should include overhead and profit. The resulting totals should be listed separately on the invoice. Both will have their own profit included.

Mark up materials a minimum of 20 percent (ten percent for overhead and ten percent for profit), Huston recommends. Check the retail or manufacturer's list price in your area. If your 20 percent figure is below the retail price, you might be able to increase your margin. If a distributor or retail merchandiser gives wholesale prices to anyone, you have a problem. Consider changing distributors or brands to differentiate your materials from retail choices.

Various industry research reports provide general observations regarding material pricing. Sprinkler heads, valves and controllers represent two-thirds of the cost of materials. Expenditures for each of these three items are approximately equal. This should alert you to plans which understate controller prices, for example. Wire, pipe and fittings constitute the other third of material cost. You might want to use different mark ups for different types of material.

Cost of labor is a misnomer. It really includes a number of different things and is based upon time — for the crew, for vehicle(s), for travel to and from the job site and picking up materials, for specialized equipment, and for fuel or power used. Miscalculate the time a job takes to complete and you either lose profit or price the job too high. Labor cost per hour can vary according to the type of work and equipment used.

On top of straight time costs, you need to add labor burden, a term that includes everything else needed to enable that crew to be out working. Some items are general and administrative costs, rent, taxes, insurance (i.e. liability, worker's compensation and health), advertising, legal fees and dues. Finally, add in a percentage for profit. Total these costs for a month and divide by the number of billable hours in the period. Now that everything is broken down by the hour, pricing is easier and more accurate.

Landscape contractors have a pretty good idea of their costs. What they aren't sure of is time. Once you get a crew trained for irrigation, concentrate on timing. Be reasonable and set goals for crews that are reachable.

Focus on consistency and anticipating unusual problems in advance. Once you get timing down, you can predict billing fairly accurately. One good serviceman can generate a \$100,000 in billing, says Huston.

While this is textbook business management, Huston urges contractors should also learn about the prevailing pricing in their market. "Once you understand the pricing structure in your area, you can use the market to your advantage," he adds. "Take a serious look at service contracts for your customers. They are often more profitable than installation and are easier to schedule."

reports Shepard. "I can see immediately from checking flow whether a headed was blocked or a sensor caused a satellite to skip a station. The computer also tracks amperage, so we know if a solenoid went

bad or a valve is stuck. That station is checked by the crew as soon as it arrives on site." The Aviara crew consists of 18 full-time landscape and irrigation workers.

Landtrends has a similar setup for the

Olympic Training Center in Chula Vista, CA. Ron Kirkpatrick and Dave Tabler oversee the three-year-old, state-of-the-art sports facility.

Tracking water use and making improvements can save associations tens of thousands of dollars each year. "We saved one client \$30,000 per year on his water bill," Shepard points out. "With remote access to irrigation information, we could conceivably manage an entire city's irrigation system. That type of control is very important when you begin to use effluent water. It's not that the water is dangerous, it's actually very safe. Instead, it's because the treatment plants need to know how much effluent water will be used per day."

"We feel obligated to our clients to invest in the computer hardware and software required to take the next step forward in irrigation control," promises Ewing. "We are getting business now because people know we are up and running with advanced control. The learning curve has also been shortened with help from Toro for being one of the first to use its technology."

Glenmore Landscape

Both Jerry Maldonado and Jon Ewing want to install the "Big System"—a golf course. Until you have completed four golf course irrigation projects, it's hard to get on "the list." Not only is **Glenn Moore** on the list, his Glenmore Landscape Service, is many times the preferred contractor on the list.

"I grew up in the back of my dad's Cushman truckster," he quips. His dad, **Sherwood Moore**, is one of the top-ranked golf course superintendents of all time. His tenure at Winged Foot, Woodway Country Club, and the Captain's Club have made him the Henry David Thoreau of golf course management. New England is a very close network of gifted, hard-working traditionalists. "I was a lucky guy to be the son of such a well-respected person," says Glenn.

Like any son of a famous person, Glenn had a lot to prove to establish his own credibility. But he stuck close to home to do it. His first project was to automate the



The Landtrends crew at Aviara. Landtrends has 300 employees in two states. The company is always eager to try out the Green Industry's newest and best irrigation technology.

irrigation system at Woodway when he was still a teenager. The club had a quick coupler and hose system, he recalls. The mains were cast iron pipe. The club decided to contract out the first few holes with the club's staff doing all the cleanup and much of the wiring. They were not happy with the results and decided that they could do a better installation job in house. The club bought a used trencher and as soon as play dropped off in the fall, they started cutting in trenches. They completed the rest of the system in-house. Glenn was only a teenager and the superintendent's son, so people were surprised when the retrofit worked like a charm. He was 'hooked' on the work, he says.

Moore started attending seminars given by distributors. One of them was presented by Koonz Sprinkler Supply. Another was taught by an irrigation contractor from Hungary named Louis Toth. Both men would later become presidents of the Irrigation Association.

When he wasn't working on the golf course, Glenn drove an old dump truck loaded with mowers to make extra money.

He started to sell and install irrigation on his wealthier customers' yards. Soon, people were asking him to do ballfields. His customers who were members of golf clubs in the area starting spreading the word. He started getting calls from superintendents.

"If you do good work, you will succeed," he warns. Glenn has done jobs costing more than \$700,000 but it takes years of proving yourself on smaller jobs to get an opportunity like that.

"I was lucky to cut my teeth with some great golf course superintendents, architects and irrigation consultants, Glenn says. Although his company is listed in the Yellow Pages, all his work comes from referrals.

Networking is clearly one of Moore's strengths. He has served on the board of directors of the Irrigation Association and currently serves on its Certification Board. He has also served on the boards of and help every office in several state landscape and irrigation associations. He and fellow contractor, Jesse Anderson, formed the Connecticut Irrigation Contractors Association. □